

FAQ

Retirement Investments

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What types of IRAs do you offer?

- Traditional* - see comparison sheet
- ROTH* - see comparison sheet
- SEP – Employer Plan (employer contributions ONLY)
- SIMPLE – Employer Plan (Employer and Employee contributions)

These FAQ's will address ROTH and Traditional IRAs. For more information on SEP or SIMPLE IRAs, please contact TSF.

What rates do you offer for IRAs?

We offer the same rates for our IRAs as we do for all other investments.

While all certificates are available for your IRA, most clients choose to put their retirement funds in either a 3- or 5-year term.

How much can I contribute to my IRA per year?

1. Tax Year 2019: \$6,000 between ALL IRAs if under age 50*, \$7,000 between ALL IRA's if over age 50*.
2. Tax Year 2020: \$6,000 between ALL IRAs if under age 50*, \$7,000 between ALL IRA's if over age 50*.

**Contribution amounts apply to contributions made for tax year 2019 and for contributions made for tax year 2020 and may not exceed your taxable compensation for the applicable tax year, if less than this dollar limit. Please see the chart later in this document for income limits for contributing to a ROTH IRA. Please consult your qualified tax professional with any questions regarding your eligibility to contribute to any IRA.*

What is an RMD?

An RMD, or Required Minimum Distribution, is a distribution required by the IRS for those over the age of 72*, with a Traditional, SEP or SIMPLE IRA, and is required to be removed from your IRA by December 31 each year. There are two ways to take your RMD:

- As a one-time distribution – You will need the Traditional IRA Withdrawal Form
- As a monthly or quarterly distribution – You will need the Periodic Distribution Form

**The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) changed the RMD requirement from age 70 ½ to age 72 and went into effect on January 1, 2020. If you turned 70 ½ prior to January 1, 2020, your RMD's are based on age 70 ½ and you will need to continue taking your RMD.*

Can I move my 401(k), TSA (Teacher Savings Account, Tax-deferred Savings Account, Tax Sheltered Annuity), 403(b), QRP (Qualified Retirement Plan), or 457 into an IRA?

It depends. If you are no longer employed with the company that you earned these funds with, it is most likely that you can. If you are still employed with them, you will need to talk with your plan administrator to determine if you are eligible to move any funds at this time.

I want to open a new IRA. Which IRA should I choose?

We offer several types of IRAs but we suggest you talk with a Qualified Tax Professional before you decide, since your current tax-bracket, annual income, filing status, and age are all factors in deciding which IRA is best for you and TSF cannot advise you on these matters.

How do I open a new IRA or move an existing IRA or other retirement vehicle to The Solomon Foundation?

To move an existing retirement account, please send us a copy of a recent statement for the retirement vehicle that you want to move and a copy of your current driver's license or other government issue photo ID. To open a new IRA, please send us a copy of your driver's license or other government issue photo ID. We can walk you through the process, and even help you prefill most of the required forms.

The Solomon Foundation can send you the forms via USPS, email or Esign*.

** Please note that if you are moving funds from another financial institution, we may have to send you the Transfer Request form by email for you to print and physically sign since many custodians will not accept an e-signed document.*

All forms (not including e-signed documents) must be filled out in completion, signed and sent to us one of three ways:

- By fax to 866.411.8258. Please call us at 855.873.5873 to confirm that we received your fax.
- By email to Investment Services at retirement@thesolomonfoundation.org
- By USPS, FedEx or UPS at: The Solomon Foundation
16965 Pine Lane, Suite 200
Parker, CO 80134

If you have chosen to fill out blank forms, please call us with any questions you might have about completing these documents. If you return incorrect or incomplete forms, your transaction may be severely delayed.

My spouse and I want to share or co-own an IRA. How can we do that?

Unfortunately, you can't. An IRA is an Individual Retirement Arrangement and thus may only have one owner, per IRS regulations. If you desire for you both to have retirement funds, we are happy to help you each open your own IRA.

If your wish is for your spouse to have the funds if something were to happen to you, you can indicate your wishes through the beneficiary section of the Simplifier; beneficiaries may be updated or changed at any time.

How long does it take to transfer my funds to an IRA at The Solomon Foundation?

That depends on your current custodian. It can take up to 6 weeks, but the average turnaround time is closer to 3 weeks. In order to get the funds moved as soon as possible, you MUST contact your current custodian.

- Your custodian may require that you make the request in person to some capacity: online, over the phone, or in person to sign paperwork.
- Please let your current custodian know that you want your funds liquidated and made ready for transfer.
- You may want to ask your current custodian about any fees or penalties you may incur.

Who is GoldStar Trust Company?

GoldStar Trust Company (GSTC) is the custodian we use. They are our check point to make sure that your IRA is always compliant with IRS regulations.

Your tax documents will come from them (unless there was no activity that year).

All monetary transactions such as contributions and withdrawals will go through GSTC. They will be the ones receiving all transfer and contribution money and will then send it to us. They will also be the ones distributing your money to you should you request a withdrawal. If you have any questions, however, you will always contact TSF.

What are all these fees?!

- We pay the annual fee.
- All ACH transactions are free.
- You would be responsible for the other fees, such as \$5 fee for check and \$25 fee for wires.

What is the penalty if I withdraw my funds early?

The penalties for an early distribution from a time certificate are detailed in our Offering Circular. However, we are not here to make money on your misery. If you have a hardship that causes you to withdraw your funds early, please let us know. We can petition to have that fee waived for you.

- If you are over age 72 (or 70 ½ if you turned age 70 ½ prior to January 1, 2020) and are taking out your Required Minimum Distribution from a Traditional IRA, TSF waives the early distribution penalty; we do not penalize you for what the IRS is requiring you to do.
- If you are under age 59 ½ and withdraw money out of your IRA, you may have a 10% early distribution penalty tax from the IRS, in addition to regular taxes on funds you withdraw. This is also true for Roth IRAs that have not been open for 5 years or more. There are penalty tax exceptions for some things, including death, disability, first time home buyers, and more, but we advise you to speak with a qualified tax advisor before withdrawing funds from your IRA.

What is the Difference between a Traditional and Roth IRA?

| Traditional IRA | ROTH IRA | | | | | | | | | | |
|---|--|------------------------|--------|------------------------|------|-----------------------|-----------------------|------|-----------------------|-----------------------|--|
| <p>To Open:</p> <ul style="list-style-type: none"> • Must have an earned income • Must be under 72 or 70 ½ if you turned age 70 ½ prior to January 1, 2020) | <p>To Open:</p> <ul style="list-style-type: none"> • Must have an earned income • Must have an income within a certain MAGI (Modified Adjusted Gross Income) <i>Consult a qualified tax person to determine this.</i> <p style="text-align: center;">ROTH IRA MAGI Limits</p> | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Tax Year</th> <th>Single</th> <th>Married Filing Jointly</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>\$122,000 - \$137,000</td> <td>\$193,000 - \$203,000</td> </tr> <tr> <td>2020</td> <td>\$124,000 - \$139,000</td> <td>\$196,000 - \$206,000</td> </tr> </tbody> </table> | Tax Year | Single | Married Filing Jointly | 2019 | \$122,000 - \$137,000 | \$193,000 - \$203,000 | 2020 | \$124,000 - \$139,000 | \$196,000 - \$206,000 | |
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| 2020 | \$124,000 - \$139,000 | \$196,000 - \$206,000 | | | | | | | | | |
| Pre-Tax Money | Post-Tax Money | | | | | | | | | | |
| RMD required at age 72 or 70 ½ if you reached age 70 ½ prior to January 1, 2020) | No RMD required | | | | | | | | | | |
| For tax year 2020 and later, there is no age limit on making regular contributions. | Clients can contribute at any age. | | | | | | | | | | |
| Funds are taxed after they are distributed from the IRA. | Funds are not taxed after they are withdrawn from the IRA* | | | | | | | | | | |
| 10% Early Distribution fee if withdrawn before age 59 ½. | 10% Early Distribution fee only applies to the interest not the principle. | | | | | | | | | | |
| Most 401(k)'s will be "Rolled" into a Traditional IRA. | Only other ROTH accounts, such as ROTH 401(k)'s can be transferred into a ROTH IRA. Clients CAN roll their pre-tax funds into a Roth IRA, but they will pay taxes on the transaction. | | | | | | | | | | |

* ROTH IRA funds must be in the IRA for a period of 5 years to be completely tax exempt. If the funds are withdrawn before 5 years is up, the interest is subject to tax. If those funds are withdrawn before age 59 ½, they may also be subject to the 10% early distribution fee.

Forms we use to open an IRA:

The following are the forms we use in IRA transactions:

- **Purchase Application** – This is used to open your investment at The Solomon Foundation.
- **Simplifier** – This is the form GoldStar uses to open your IRA at GoldStar.
- **Transfer Request** – This is the form GoldStar gives to your current financial organization to request that your funds be moved. You also need to contact your current financial organization to let them know that you want the funds moved because some organizations don't accept this form.
- **Rollover Certification** – This is the form GoldStar uses to verify that you are conducting a valid rollover. This form is only used when:
 1. You are moving funds from a non-IRA retirement fund such as a 401(k), 457, or 403(b).
 2. You are INDIRECTLY moving your funds from your existing IRA to a new IRA with TSF. (This means that you have the check written to you personally and will then write a personal check to put the money back into an IRA). This transaction can only happen once per twelve months for ALL IRAs.
- **Investment Direction** – This is the form that tells GoldStar that all of your funds need to be moved from GoldStar to The Solomon Foundation.

We also need:

1. Copy of your driver's license
AND
2. Copy of your statement
OR
Copy of a voided check

**If we don't have both the driver's license and the statement/ voided check, GoldStar will call you to verify identity.*

Other common transactions:

Automatic monthly deposits to your IRA – You may easily set this up at any time. Please be aware that any change in income may affect your eligibility to contribute to an IRA. Please consult with your qualified tax advisor regarding your eligibility to contribute to any IRA.

Monthly Distributions from your IRA — You may do so but could incur penalties if you do not meet certain IRS conditions. It is best that you speak with a qualified tax advisor before pursuing this option.

If you would like to begin either of these transactions, let us know by calling or emailing and we can send you the necessary paperwork.